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20 August 2001

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Set	Items	Description
S1	170	REO(W)MANAGEMENT
S2	73	S1(S)(DISPOS? OR SELL? OR SALE? OR FORECLOS? OR LIST?)
S3	33	S2 NOT PY>1998
S4	24	RD S3 (unique items) considered all (titles, [illegible])

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4/9/2 **(Item 2 [illegible]m file: 15)**
DIALOG(R)File 15:ABI/Inform(R)

00598433 92-13606
Practical REO Management
Luedders, Dean R.
Mortgage Banking v52n5 PP: 32-39 Feb 1992 CODEN: MOBAAX ISSN: 0730-0212
JRNL CODE: MOB
DOC TYPE: Journal article LANGUAGE: English LENGTH: 8 Pages
WORD COUNT: 4062

ABSTRACT: A proactive approach to the management of real estate owned (REO) assets can limit losses for its institutional owners. The dynamics of current markets suggest that swift and effective effort is needed to seize control of real estate when **foreclosure** occurs. Typically, the institutional owner will seek outside property management expertise. While preparing for ultimate property management assistance, early preparations can be made to gather needed information. In addition to the loan file, REO-in-transition files may include: 1. expense budgets and forecasts, 2. **foreclosure** correspondence and filings, and 3. property inspection reports. At the outset of managing any asset, it is important to prepare a plan and budget that can provide a road map that assists the management and ultimate **sale** of the asset. Early steps in effective **REO management** include setting up general journals and ledgers for ongoing monthly and financial reporting and informing tenants of the new manager and where rent should be sent.

TEXT: When investment-grade, commercial real estate derives value from the sufficiency and durability of lease income, a passive real estate management stance is often costly. On the other hand, making sure there is skilled management in place to preserve the appeal of these properties to tenants will yield significant rewards.

A proactive approach to the management of real estate owned (REO) can limit losses for its institutional owners. Developing positive operating incomes from assets acquired by ford closure is possible. Still, risk-limiting steps and effective management methods need examining.

The dynamics of current markets suggest that swift and effective effort is needed to seize control of real estate when foreclosure occurs. By doing so, not only is it possible to hold losses to a minimum, but future gains on resale can even be realized.

Enhancements to net operating incomes during holding periods can minimize perceptions of taint in the real estate portfolio. Real estate remains a unique class of collateral. Few "marketable securities" are burdened with the twin characteristics of illiquidity and intensive management need.

The "illiquid" characteristic of real estate represents the months or even years that usually will be needed before converting the asset to cash, for alternate investment. And where there is negative or no cash flow, the opportunity cost of ownership clearly is measured in infinite terms.

"Capturing the asset," that is, seizing control of the asset and implementing effective management procedures may only result in modest current income. Capitalization of future income enhancements, however, can yield future gains in value over cost.

The institutional lender is obviously constrained to some extent in the amount of control it can exercise during the early stages of foreclosure --I call it the "REO-in-transition" phase. But some early steps to seize control remain available.

Clearly, the earlier one gains knowledge of the asset characteristics, the greater the opportunity one has to limit losses or improve income. And certainly, preparation for handling of the property ("management of the asset") can begin with review and abstracting from the loan files on hand.

Early, speedy, information-gathering can pay off in greater returns to the lender who becomes an owner.

A passive approach to real estate management is often explainable. There are several reasons for delayed action in seizing control of the asset:

* unclear management guidelines; * inexperienced, low-level staff in charge; * unbudgeted expense; * the legal processes that are involved in recovering a property through foreclosure.

Even so, the information-gathering part of the process is helpful in the early stages. Institutional managers armed with information are thus able to move effectively, knowledgeably and profitably to superintend real estate under their administration. Then, the transition can quickly be made from "passive" superintendency to active management.

REO IN TRANSITION

Let us try to define the point at which the income-producing asset goes into a condition of distress. The following hypothetical situation is common:

The billing department has sent the required number of late notices. Periodic payments have filtered in irregularly and some have been credited while others have not. Meanwhile, taxes have gone unpaid and/or notices have been received of pending cancellation of insurance. Correspondence (but little money) has been received from the borrower, and sometimes the borrower has outlined plans for timely resumption of payments in the future. Further, the borrower has requested forbearance or even loan modifications and additional advances "in view of the fact that the collateral is worth so much more today than when the loan was made," and "your records will show our payment record in the past has been impeccable." Marvelously creative reasons for late or overlooked or omitted remittances are offered. (Blaming "the computer" seems pretty much old hat now, but there seem to be a tremendous number of "recently fired" bookkeepers out there.) Still, wonderfully imaginative scenarios are described for skyrocketing property incomes and, hence, values. In the final analysis, the property is found to be 50 percent vacant, landscaping and signs unkempt and janitorial supplies only obtainable through cash-in-advance. In the worstcase scenario, the owner/manager has been recently and bitterly divorced, the partners only "want out" and the notes are overdue on both their Mercedes.

Is there any doubt where responsibility for this hypothetical asset's management will soon vest? The early decision to be made, then, is: Shall the institution act as caretaker or as manager?

An early-used definition of "property management," sometimes called "asset management," is useful for this discussion. As noted in the National Real Estate Investor, June 1990, vol. 32, no. 6), "Property management companies across the country generally agree that owners benefit in combining management and leasing. With both sides working together, they ensure a steady income stream."

It is not clear to me where, or when, a division of duties between management and leasing arose, but it somehow did--and unfortunately so. To manage has become, in the minds of many, a "caretaker" role--the tasks of arranging performance of periodic maintenance and paying utility bills, with an occasional swipe at a tax reduction effort. A highly unimpressive cadre of "property management" firms quickly have come on the scene, but they provided little more than "caretaker" duties--albeit with the addition of some high-tech computer equipment in the office.

When linked with the leasing and sale functions, full-service property management firms and professionals can furnish services that will help attain the desired goals of property protection, boost incomes (or reduce operating costs) and dispose of the asset at optimum price.
Typically, the institutional owner (or owner-to-be) will seek outside

property management expertise. While preparing [illegible] ultimate property management assistance, early preparations can be made to gather needed information. Outside of the loan file itself, REO-in-transition files may include:

Folder A: * a ledger listing foreclosure expenses as incurred; * expense budgets and forecasts; * foreclosure correspondence with counsel; filings.

Folder B: * insurance; * property inspection reports; * appraisal(s); survey; as-built drawings (current); * environmental reports and subsequent evaluations; * leases; rent roll; * correspondence unrelated to previous items.

Folder B will be the source of property management information for in-house personnel and outside-retained managers. The following describes the documents in detail that should appear in each file.

Insurance--Either an in-house risk manager, corporate "blanket" coverage or selected agencies can furnish ongoing coverage. They should be advised of required coverage, including annual loss-of-rents. (Use of an existing insurance agent should be considered, both for the agent's likely familiarity with the property and for added input about the local area.)

Property inspection reports--Includes those purged from loan file and the initial report of inspector when collateral was being reviewed in contemplation of likely takeover.

Appraisal; survey; as-built drawings--In addition to a copy of appraisal made at the time of loan origination, a new, first-quality narrative appraisal should be requested. This should include the appraiser's evaluation of current market conditions. The appraisal should be relied upon not as a conclusive index of value but as a resource for future plans and decisions. The appraisal will furnish: currently attainable rents (per suite, per-square foot, etc.); current burden of costs, typically on per-square-foot basis; and projections of rate of rent-up.

Unless releases were made during the loan term, original surveys can usually suffice for early informational purposes.

"As-built" drawings of premises should be ordered and obtained from a local surveyor or architect. In all likelihood, the interior build-out of the premises will have changed from the condition at the inception of the loan. (Note: In the case of office buildings, have the architect calculate the gross and leasable areas according to current Building Owners and Managers Association (BOMA) standards. An office lease understated as to size but negotiated at $11 per square foot may well be equivalent only to $8 or $9 when properly sized.)

Environmental evaluations--Fill should contain copies of an initial environmental evaluation, and it is advisable to include an update or any new environmental evaluation since the initial report. Also obtain bids for and prepare to cure noted exceptions if they are deemed sufficiently non-problematic such that foreclosure should proceed.

Leases; rent roll-- A current rent roll will be eminently useful. Preparation is from the rent roll furnished at application and leases and estoppels obtained at closing as well as the personal inspection and borrower-furnished current updates. Prepare a spreadsheet to list: tenant, tenant's address (both property and mailing address, if different), area occupied, rent paid, term of lease, whether gross or net or some combination (detail tenant's and landlord's respective obligations to pay expenses of occupancy).

Correspondence; other miscellaneous documents--Property-related correspondence, municipal notices, and utilities service information are examples. Contact with brokers/managers and contractors unrelated to these should also be maintained.

CAPACITY OF LENDER TO ACT

Discussion thus far has been of properties that are considered REO-intransition, which is sometimes unclear and even treacherous territory. A largely passive role may be played by necessity at this stage, as when a borrower tenaciously clings to the security in the hope of making it well again and hopes to avoid adverse tax consequences. Similar passivity may be expected following sheriff's or trustee's sale and before the redemption period has expired.

Still, there are options. One is a buyout of the borrower's "equity of redemption." This can be a damage-control technique that includes negotiating for a borrower's deed, for cash, prior to the expiration redemption period. It may protect now-hostile tenants whose retention, albeit at substantial cost, is preferable if long-run duration of occupancy by a paying tenant is anticipated. (Estoppels and title insurance to be obtained before consummating, of course.)

Another option is to act as a mortgagee-in-possession, following execution on assignment of rents. Again, this is a somewhat tenuous position and may precede the owner's conveyance by deed-in-lieu if agreeable and insurable. Legal counsel is required to assure proper documentation.

Also, a receiver may be appointed, sometimes with consent of borrower by stipulation. While the receiver is an appointee of the court and "independent" of either the lender or borrower, the receiver likely will be a party recommended by the lender. In the interim--before the completion of foreclosure proceedings--the receiver will expectedly look to the lender for direction and guidance. Property managers often lust after their appointment as receiver perceiving, and somewhat rightly so--that they act with independence. Their compensation, typically on an hourly or per-diem basis, is assured for whatever property management effort is undertaken and for court appearances or reports filed. Thus, to be appointed as receiver places them in a good position to assume full agency role for the owner once foreclosure proceedings have been completed.

A fourth option is undertaken through actual or constructive abandonment of premises, and assumption by the lender as agent of the borrower, either to make "protective advances" under clauses of the mortgage documents that permit the lender to "preserve and protect" the collateral, or through the borrower's overt consent to accept "protective advances" in order themselves to be able to "preserve and protect."

IMPLEMENTING EFFECTIVE REO/ASSET MANAGEMENT

One of the exercises undertaken by candidates for Certified Property Manager (CPM), designated members of the Institute of Real Estate Management, and entity of the National Association of Realtors, is to prepare a "management plan." At the outset of managing any asset, it is important to prepare a plan and budget that can provide a roadmap that assists the management and ultimate sale of the assest. Such a management plan should be sufficiently comprehensive to take the following steps:

Look at start-up expense--This should be considered extraordinary, outside of building operating expenses. It would include all those elements of deferred maintenance that likely have accrue as reported by the appraiser, as noted by lender's inspector or property manager, and of course requests of the tenants in occupancy. (Note: ask tax counsel about the treatment of these costs--it is likely that repairs performed pursuant to a "plan of renovation" must be capitalized rather than expensed.)

From the rent roll (as modified to the date of takeover), project rental income at actual, plus projected attainable--Attainable rent can probably be that projected by the appraiser, but rate of rentup on vacant space can be as forecast by the property manager and the lender's representative.

Forecast expenses from income/expense data obtained from borower--The property manager's experience and the appraisal report can also contribute

to these projection

Summarize--Summaries should include: present start-up expense (often 5 percent to 10 percent of current value); initial annual operating incomes (or shortfalls); perceived future capital improvements expense; leasing goals; and recommended change-in-use, if this appears merited.

EARLY STEPS IN EFFECTIVE REO MANAGEMENT

Upon expiration of the redemption period, some early actions should be undertaken. In some states this will be simultaneous with trustee's sale, or in other states whenever it is confirmed that actual--not prospective--ownership vests in the former lender.

Action taken at this time should be in tandem with outside property management expertise, if any is retained. This should include setting up general journals and ledges for ongoing monthly and annual financial reporting. Utilities should be notified, and locks and key changed where necessary. Also, send a letter to each tenant informing them of the manager and an address informing them of the new manager and an address where rent should be sent. (Hint: Request copy of tenant's lease agreement--and enclose a check for modest sum--$15, $20--"to compensate you for mailing and copy expense.")

Also at this time, evict any undesirable tenants (this is rarely required, but it is conceivable that some illegal activities may be uncovered as result of earlier inspections). Tenants occupying without estoppel and attornment agreements may be readily removable, but a better idea is sometimes to buy out tenant's "improvements" if an adverse reaction or publicity is deemed likely.

Begin earliest possible signs of improvement of premises, such as landscaping, painting and carpentry repairs. In other words, demonstrate responsiveness to reasonable requests for services to which tenants would normally be entitled but were foregone by previous owner.

Landlord-tenant relationships in investment property

Recovered REO has been presumed thus far to derive value largely from tenancies. But occupancy by tenants under this new institutional owner, now the landlord, presents some unusual management problems.

For example, many tenants will be found to have paid security deposits under leases in effect at the time of takeover. The attorneys may be diligent in their earnest efforts to pursue the now-defaulted borrower for a suitable accounting for, and remittance of, security deposits. Typically, the money has long ago been spent in an effort to survive foreclosure.

Thus the new holder of the REO property will ultimately have to face up to returning security deposits it never received--or risk alienating other tenants who learn of the failure to do so. Actual liability to refund security deposits is often arguable, but the typical one-month's rent refund request is a small cost to pay for the value of a harmonious relationship with renters.

Again the point warrants emphasis. Value is a function of income, and income derives from tenancies. Well-tenanted properties, with the owner sharing a substantial burden of its care, can be productive during ownership, valuable and salable. And particularly during a deflationary period, skilled management of the asset is fundamental.
Applying "TLC" to run-down properties is almost always productive in placing or retaining tenants, particularly when the property manager perceives that, by investing such care, the owner intends to take the property out of an "ordinary" class and make it into a "marketable" property. The outside property manager is seldom going to make money purely from the "management" function but will be seeking commissions on leases and on the property's eventual sale. Perceptions that lease-up can occur and, thereby, a sale can take place, will clearly invigorate the manager to

tout your property rather than another's.

Suggested initial steps toward cure of deferred maintenance include new, eye-catching signs that establish the property's new identity; an improvement in landscaping and parking, with new lawns, flowers, restriping and sealing of parking lot; and new exterior paint. New carpeting is also an attention-getter. Where the carpet is still usable may remain a negotiating factor--but use 40-ounce cut pile at least in reception areas, even though 28-ounce, level loop, or a similar grade, may be the "building standard" elsewhere. Replace existing lighting and any stained ceiling tile. Build a "smoker's lounge" that can be modest in size, minimally furnished, but ventilated. Tenants appreciate them--some national credit tenants even require that owners furnish one anyway.
One of the eternal verities in real estate lease or sale negotiations is that clearly noticeable physical deficiencies, in the eye of prospective tenant or buyer, will cost twice as much to cure as the actual fact. The point is that cost-to-cure becomes a non-factor or minimally important, if dealt with at the outset.

And, finally, when the time comes to place (or replace) tenancies, your lease negotiations can proceed, hopefully employing either a standard form of lease commonly accepted in the local market, or possibly with the owner's customized form. One recommendation--keep it as simple as possible.

For instance, in slow markets, it is often ludicrous to employ convoluted "inflation-index" lease clauses. If short leases (one to three years) are in place, rents can be adjusted sufficiently anyway. It is better, in any event, to build in a flat annual dollar increase (if negotiable) or a flat (and modest) percentage factor for increases of base rentals.

COMPENSATION OF PROPERTY MANAGERS

Fees paid under property management agreements to outside managers are always negotiable. Standard agreements setting forth a minimum versus percentage of rents collected are common. There is no accepted, "standard" fee that is payable nationwide, or even in a single market.

Fee clauses should also define commissions due on new leases, expansion of an existing tenant into added space, extension of existing tenancies and on ultimate sale.

The full-service, outside property manager will typically seek a clause obliging the owner to offer the property for sale exclusively through the manager for which a separate agreement can be written. Separate listing agreements can, of course, set forth not only a price but the terms by which the premises may be financed.

In some states, financing on a contract-for-deed may be preferable to a take-back mortgage or trustee's deed, although the financial terms of the receivable may be the same.

Watch for that "security deposit" question to raise its ugly head once again--when a buyer is found, price is negotiated and the time for closing comes--with the buyer seeking credit for security deposits allegedly held by the seller. The knowledgeable buyer will, of course, have sought and been provided the existing leases or abstracts. The presumption on the part of most will be that security deposits held by the landlord are transferrable to the new owner.

STRATEGIES FOR SUCCESS

A deflationary environment for real estate has been created from the excesses of the past. What was once viewed to be a long-term, "structural" inflationary trend meant that too many developers, building for markets that might or might not develop readily, were simply "betting on the come." As a result, there exists years and even decades of inventory in some classes of real estate in many markets.

Yet, the distressed property under institutional management retains the characteristics of real property everywhere: it is discrete as to location and market. Immobile, unique and slow to liquidate, the owner's sole recourse is to skillfully manage the property for current income and control of current expense, until the buyer/user or buyer/investor appears on the market.

Appraiser News, published by The Appraisal Institute, reports, "Banks are resorting to auctions, showrooms and hired deal makers to rid themselves of foreclosed real estate property (June 1991, citing The Wall Street Journal).
This age-old approach to liquidation may be appealing--particularly in the search for quick cash--but there are more satisfactory routes to productive and even profitable treatment of real estate.

While returns on investment in fore-closed property are almost always negative at the outset, and may be mostly modest even after the investment of substantial cost and effort, the argument here is that the application of skillful property management is preferable to "fire sales."

SEEING REWARDS

The institutional owner is often perceived by contractors and agents as the party with "deep pockets." It is smart for the institutional owner to tap available funds--and to plan for the wise use of funds to optimize returns on real estate assets. Real estate is marketable, if not immediately liquid. But it takes skill and management planning to accomplish the desired goals.

It is rewarding to see what the skilled treatment of property can produce, compared with the impact of shoddy mismanagement--which often is the cause of institutional ownership in the first place. Managers take pride when dealing with tenants, and brokers sense profit opportunities when it comes to market.

We all remember the "runaway inflation" of the early 1980s, which slowed but then gave way to the "structural inflation" of the mid-1980s. Later, when the accelerated cost recovery system (ACRS) was removed from the picture, reality began to return, as tax benefits no longer dictated market activity.

But real estate ownership and investment continues--and will long be a favorite--in the investment plans of many owner/users, as well as investors. It still retains some of its non-cash deductible feature to enhance after-tax returns.

Finally, we are not arguing here that one should "pour perfume on a pig." On the contrary, some underwriter or analyst, and more likely, a loan committee, once judged the real estate recovered by foreclosure to have positive qualities. Restore the missing factor of competent management, linked with sufficient capital, and you can realize value from recovered properties.

During the current interim period, while the absorption of overbuilt markets is occurring, there will be opportunities not just to improve the appearance of properties and the faces of communities, but to show a profit while doing so.

Dean R. Luedders recently retired as a senior mortgage underwriter and is currently a licensed broker-Realtor and certified general appraiser. He operates a practice as an independent appraiser and consultant with offices in Lansing and Frankfort, Michigan.

PRODUCTIVE MANAGEMENT

CRUNCHING THE NUMBERS

Let's "crunch some numbers" to see how effective or productive a pro-active

real estate management program might be.

Assume for the purpose of this exercise that an institution has recovered a property once valued ("investment value") at $1.2 million (The set of facts described herein represents no single, known property.)The original loan of $900,000 was foreclosed leaving the lender with an $800,000 balance owed at time of recovery. Another appraiser has put a value of $650,000 "as is," ($700,000 after cure of described short-lived items of curable physical depreciation deferred maintenance). The building is half-occupied at time of recovery, and is operating at breakeven as far as concerns direct operating costs.

Assume, then, the worst-case scenario--fire sale:

1)Cash to lender/owner: (e.g.) $300,000 Loss on trade: $500,000.

2)$400,000 sale price, $50,000 cash to lender's take-back financing of balance = Loss on trade: $400,000 with full credit to the new receivable.

But, assume that the lender does, in fact, put $50,000 into the cure of items of deferred maintenance and effectively markets the premises over three years before sale in fourth year (See Table 1). (Table 1 omitted)

Arguably the "investment value" might be more accurately reflected at the appraiser's "as is" value of $650,000. It is equally arguable, however, that the "as is" value is actually seldom obtainable--until "deferred maintenance" has been cured and the property placed into marketable condition. Further, "marketable" condition just as often presumes that the ability to maintain tenants is necessary as well as the restoration of positive income.
The following hypothesis was further developed. The property might be 20,000 square feet, of which 10,000 square feet was already under lease. With the incremental rentals at $10 per square foot net over a three-year period (remember, 1,000 feet had already been rented in Year 3 of lender's ownership), then an 11-year income stream was developed. (Except that 10 percent--2,000 square foot vacancy --was now allowed for throughout the projection period including terminal year.)

Thus a discounted cash-flow estimate of property value PVDCF) can be made commencing with the first year after lender's projected three-year holding period--the first year of the new purchaser's position. Employing different variables, this PVDCF modeling exercise, reflects values ranging from $604,133 (lender sells for all cash) to $727,000 (i.e. $127,000 down to $600,000 loan).

GEOGRAPHIC NAMES: US

DESCRIPTORS: Bank portfolios; Commercial; Real estate; Foreclosure; Asset management; Property management; Implementations
CLASSIFICATION CODES: 9190 (CN=United States); 8110 (CN=Commercial banking) ; 3100 (CN=Capital & debt management); 8360 (CN=Real estate)
?

4/9/20 (Item 5 [illegible]om file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

04785790 SUPPLIER NUMBER: 08687906 (THIS IS THE FULL TEXT)

The process of REO management. **(real estate owned) (management of** foreclosed **property) (includes related article on the Resolution Trust Corp) (Asset Management)**

Sutton, Fred R.; Streufert, Kevin A.

Journal of Property Management, v55, n4, p32(5)
July-August, 1990
ISSN: 0022-3905 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT; ABSTRACT
WORD COUNT: 3831 LINE COUNT: 00316

ABSTRACT: The increase in real estate foreclosures by lending institutions and the subsequent growth in real estate owned (REO) portfolios will create an increasing need for asset managers and an opportunity for independent managers of REO properties. The property managers selected by institutional asset managers must understand the principals and objectives on which the asset management process is based, the institution's management plan, and the asset manager's position. Property managers must understand the process prior to the real estate becoming REO. Once the property becomes a foreclosure target, the processes they must understand include: loan negotiation activities; foreclosure criteria; and initial post-foreclosure procedures. The responsibilities of managers once the property is placed with them include: developing a strategic plan; establishing the plan; and disposing of the REO asset.

TEXT:

As the REO portfolios of financial institutions across the country have grown, the field of REO asset management has taken on new challenges and changing objectives. A field that saw its infancy stage only a few years ago has developed, out of necessity, into a specialized, multimillion-dollar industry. Asset managers, most of whom came from extensive real estate backgrounds, have learned to temper their traditional ideologies and function within a strict regulatory environment, while attempting to reach new plateaus of creative value enhancement and disposition strategies.

On a day-to-day basis, the asset manager relies heavily upon independent management companies to handle physical, marketing, and reporting requirements of the institution's properties. These individuals represent the property in its most critical area-the marketplace. Therefore, it is paramount that property management companies understand the esoteric principles and goals behind the asset management process if they intend to provide complementary services in a competitive marketplace. This understanding must begin as far back as the loan work-out/foreclosure stage and progress through the institution's holding period until the property is sold.

The property manager must understand the asset manager's position and the institution's plan, not only for the property itself, but also for the financial institution as a whole. Ultimately, the manager should even play an active role in the formulation of value enhancement and disposition strategies.

Firms that are successful will not only retain accounts with banks and S&Ls, but position themselves as strong candidates for future business.

Loan workout/foreclosure

Becoming aware of the institution's position begins with an understanding of the events before a property becomes REO.

Generally, prior to foreclosure, a loan-workout period takes place with the borrower, during which the institution's loan officer must make a very difficult decision. Should the loan officer foreclose on the property and forego the potential of maintaining a performing loan, even at a discounted level? Or, would it be better to renegotiate the loan and risk further deterioration of the underlying asset? If the institution's asset is a junior lien, the loan officer must also determine if there is sufficient equity over the senior lien positions to justify a foreclosure.

At this stage, many institutions will call upon the services of an asset manager and an appraiser to identify the property's unique

characteristics and assess its definitive position in the marketplace so that the property's potential and tangible value can be estimated. The loan officer will often call upon the asset manager's expertise to help develop strategic options for each contingency before foreclosing.

Occasionally, the asset manager's real estate background gives him or her the insight to propose creative solutions that the borrower may not have considered or may not be financially capable of pursuing.

For example, a medical office complex was recently foreclosed upon as a result of a creative solution that the financial institution planned to pursue prior to taking possession of the property. The borrower failed to service the underlying debt because the property's parking area was only sufficient to support roughly 70 percent occupancy in the complex, rendering a substantial part of the property's income potential useless. However, in a study with the loan officer, the asset manager investigated the option of assembling a contiguous tract of land, versus pursuing a deficiency assessment, and concluded that the assemblage was the preferred alternative, which increased the property's future income, value, and marketability.

Occasionally, the asset manager, in conjunction with the loan officer, will discover that the property is performing at levels far higher than the borrower's operating reports indicate, which can lead to an injunction against the borrower for improper application of NOI.

Once the asset is determined to be a candidate for foreclosure, a "collection plan," which defines loan negotiation parameters, foreclosure criteria, and initial post-foreclosure activities, is generally prepared. Until the asset is taken back by the institution, the loan manager and asset manager continue to communicate closely on decisions and property developments so that the transition from loan to REO occurs as smoothly as possible.

Selecting a management company

From the institution's perspective, selecting the property's management company is probably the single most important decision that the asset manager will make, given that the selected firm will represent the property in its most critical area-the marketplace. Therefore, the management company's strengths and weaknesses have the most direct impact on performance.

Generally, the asset manager has ample prior notification of the impending foreclosure of an asset from the loan workout officer By the time a management company is needed, the asset manager usually has obtained proposals from several, qualified property management companies and may already have made a selection. This decision is predicated on the requirements of the asset, the applicable resources and specializations each company has to offer, and the fee structures proposed.

As a rule, management firms are judged on their ability to achieve results in three basic areas: marketing/leasing strengths, property management expertise, and accounting/reporting capabilities. Each of these ultimately affects the performance of the asset or satisfies the institution's unique reporting requirements.

The asset manager perceives quality and suitability of a management company in several ways. For example, if a firm employs several CPM[R] members and CPAS, this generally indicates that it will bring seasoned property management experience and effective internal controls to the project. AMO[R] firms are also perceived to be established, quality companies.

Naturally, if the property is an office building, the asset manager will request proposals from companies with demonstrated accomplishments in leasing and managing office projects. If one of the candidates represents a competing project in the subject's market, the institution will probably engage a company that is less likely to have a conflict of interest. If the asset manager does not know the proposed leasing and management staff personally, he or she will typically request resumes on these individuals and will often ask to interview them.

Regardless of the property's ultimate disposition strategy, the asset manager will usually conduct this search under the premise that the management company will be required to cure some of the deferred maintenance and successfully lease the project to prepare it for eventual disposition. Therefore, he or she must select a company that is capable of readily implementing remedial and physical enhancement programs, while

aggressively pursuing and consummating qualified lease transactions.

Goal setting/plan development

Once the asset has been placed with a management company and the management agreement has been negotiated for business and legal points, the asset manager's primary responsibility begins. He or she must formulate a prudent strategy to enhance the value of the property without undue capital risk, then dispose of it at a maximum sales price as quickly as is prudently possible.

Unlike traditional property owners, who typically approach real estate holdings with a longterm objective, financial institutions with large or growing REO portfolios are faced with attempting to maximize asset values under vastly different, and typically shorter term guidelines. Because banks and S&Ls are often taking back properties faster than they can dispose of them, their plan of action must strike a balance between prudent value enhancement and expedient liquidation.

Regardless of the amount of time or the sequence of events leading to the foreclosure or deed-in-lieu, REO properties are almost always "distressed" to some extent, and the institution is typically faced with a significant loss against the underlying loan's book value. During the period that the property is held by the bank or S&L, this loss can exacerbate or improve. It is the asset manager's responsibility to develop a strategy that counteracts this loss through capitalizing on value enhancement opportunities, while minimizing exposure to capital risks. These strategies will range from intensive rehabilitation of projects to simply remeasuring a building to ensure it conforms to BOMA standards.

Depending on the institution's assistance agreement, where applicable, book losses may occur on some assets. Therefore, it is no surprise that regulatory agencies carefully monitor the institution's progress with REO properties until they are sold and closely examine requests to risk additional capital.

Even with regulatory constraints, management companies should realize that financial institutions are still capable of providing sufficient capital and support to transform a troubled project into a viable competitor Accordingly, a good asset manager will push for superior effort from each management firm and expect peak performance from properties relative to their respective markets.

Although obtaining approval from supervisory agencies to engage in capital-intensive rehabilitation programs is occasionally time consuming, decisions can still be made on a proactive basis. Accordingly, the asset manager's directive is to identify, seek approval of, and implement value-enhancement programs to increase the net realizable value (NRV).

Budget requesting approval of capital expenditures for the year must be submitted by the institution for each property, and each is carefully scrutinized by the regulatory agency before it is approved. Other capital commitments that have not been previously approved in the budget may need to be submitted through a special request for approval (SRA) to the appropriate regulatory agency, which may accept or reject the request.

Depending on the property's ability to reach optimum performance and value levels within defined time and capital constraints, the asset manager and property manager could be faced with a wide range of potential goals and responsibilities. Therefore, the exact nature of the management company's assignment is often not defined until after the property has been taken over, pending the development of an appropriate disposition plan by the asset management staff.

During the institution's initial analysis, asset managers will value management firms that provide critical marketing and physical data, while being simultaneously responsive to immediate or changing needs. Often, the asset manager will voluntarily bring in a management company's key personnel to help formulate the strategic plan and establish a "team concept" from the onset of the working relationship.

Each bank or S&L has predetermined short-and long-term goals, resulting from both internal and external sources. Particular emphasis is typically given to the asset's estimated ability to achieve the highest NRV based upon a discounted cash flow analysis of each reasonable alternative.

Unless the property is determined to be functionally obsolete, the strategic plan will usually require the curing of some deferred maintenance items, the implementation of a degree of physical enhancements, and an aggressive leasing effort. Rehabilitation efforts must be cost effective

and market sensitiv[illegible]As long as these two points ca[illegible]e proven to the regulatory authorities, the institution's request to spend capital is usually approved.

For instance, an off ice/showroom center located in a competitive market was being vacated by most of its tenants when an institution took over the property. A competing center had undercut the market, which was once $7.00 to $8.00 per square foot, down to $3.00. At those levels, the institution's property would have done well to break even.

But, the asset manager recognized that the property's market location, exposure, configuration, and parking would support retail uses. With the replacement of a few overhead doors with storefronts, the property was transformed into a retail center Today, the center is successfully leased at rates considerably higher than the office/showroom market of which it was once a part.

Usually, the institution's short-term goal with each property is to reduce operating expenses and increase occupancy. The longer term objective is to dispose of the asset at its maximum sale price, the timing of which varies with each strategic plan and with the ability of the institution to deliver marketable title.

Once completed, the property's plan is usually submitted to the Federal Deposit insurance Corporation (FDIC) or other regulatory agencies for approval prior to implementation. In some cases, these agencies will request changes in the plan so that it conforms with regulatory performance or methodology parameters. If the property experiences material change, the plan will be revised by the institution and resubmitted to the regulatory agency for approval.

After the final plan is approved, the specific leasing and operational goals are established and agreed upon between the asset manager and the management company, ranging from lease rates and absorption to operational expenditures. All of these items are individually documented and integrated into a standardized operating budget with a detailed chart-of-accounts and individual assumptions.

Leasing projections are substantiated by a solid evaluation of the rate and absorption characteristics of the property's market and the project's relative position in that market. Expense curtailments must be shown not to impact the quality management of the property negatively, and planned capital expenditures must be demonstrated either to maintain or improve the value of the asset. Implementation of the strategic plan After the detailed budget and performance goals have been developed to correspond with the approved plan, the management company becomes responsible for day-to-day implementation.

Progress is evaluated and overseen by the asset manager through constant communication with the management company, periodic physical inspections of the property, and thorough examinations of detailed monthly operational and marketing reports. These reports generally must conform to a strict, standardized format, comparing the property's actual performance on a line-by-line basis with the specific goals set in the operational budget and the marketing plan.

If the property has performed in line with or above established parameters, corrective action is unnecessary, and the property management company will be considered a strong candidate for additional business. However, if the stated goals are not achieved within a reasonable period of time, the asset manager will conduct an in-depth analysis to determine the cause of the problem and initiate appropriate remedial action.

Typically the asset manager will organize a meeting with the management company, during which he or she will address questions such as: Is the marketing plan realistic? Has the market changed? Do the individuals managing or marketing the project have sufficient experience or talent to achieve these goals? Has there been a turnover in key personnel? Essentially, questions regarding each point of the property's operation should be addressed until the asset manager and property management company reach a new agreement. If this meeting is successful and adjustments to the plan are mutually acceptable, the management company will proceed under the modified plan and be evaluated accordingly. Otherwise the asset manager will be required to re-evaluate the strengths and limitations of current management and consider the prospect of change.

Disposition of the asset

The strategic plan typically addresses disposition parameters and

sets a value objective for the property, estimated to occur at a certain point during the institution's ownership period. The plan generally indicates when the property will maximize its NRV potential, meaning that any further value enhancements after that time will not warrant the risk or required capital.

If the strategic plan is to market the property for immediate sale, the value objective may have already been met. For example, the property may have reached a stabilized level of operations, and forecasted increases in value would not compensate for risks perceived with holding the property. Or the property may have entered the decline stage of the real estate cycle, where rental rates and property values are falling.

However, if a longer term holding period is recommended in the federally approved strategic plan, the value objective is projected to be attained at a future date, usually as a result of successfully implementing leasing and physical improvement programs.

Although many banks and S&Ls maintain separate disposition departments, the asset manager and property management company may be closely involved with efforts to sell the property. In some cases, the management company will be asked to assist in disposition of the asset with a third-party broker who has an exclusive listing agreement.

As offers to buy the property are received, the asset manager and disposition officer will run an analysis of each proposal, especially those containing creative financing elements, and compare the offer to appraised value and recent market sales, all relative to the institution's goals.

In the disposition process, the management company should strive to assist the institution and the buyer during the due-diligence period and to provide quality service to both entities. If performed to the satisfaction of all parties, this assistance can lead to the disposition of an asset, further assignments, and a possible continuation of service to the new owner.

Conclusion

Institutions in some areas of the country are expected to continue actively foreclosing on real estate properties for years, which will extend the need for asset management and disposition activities into the future. This represents a significant window of opportunity for property management and brokerage companies that have successfully positioned themselves to fulfill institutional needs proficiently. The key to such success is not typical day-to-day management, leasing, and brokerage, but adapting these services to meet or exceed the property's and institution's stated short-term and long-term goals, within the limits set by the regulatory bodies involved.

Fred R. Sutton, CPM[R] RPA, CCIM, is currently an asset manager and vice president at American Federal Bank in Dallas. Previously, he was an asset management consultant to the banking industry with a national consulting firm.

Kevin A. Streufert is currently an asset management consultant to the banking industry with BEI Real Estate Services, a national real estate consulting firm based in Dallas.

A Bird's-Eye View of the RTC: An Interview With Lamar Kelly, jr.

Editor's note: The following article is based on a presentation given by Lamar Kelly, Jr, director of asset and real estate management, Resolution Trust Corporation, Washington, D.C., at the 1990 IREM Asset Management Symposium.

I do not want to dazzle you with numbers, but I think it is instructive to look at a few figures as a way of comprehending the problems we face at the RTC.

As of year end 1989, there are 281 conservatorships with total assets of $106 billion. The estimated loss in those institutions was $31.2 billion. Either under RTC control or likely to fail are between 558 and 628 institutions, depending on whose numbers you accept.

In addition to those likely to fail are the distressed institutions. If you add this group to the total, the thrift problem represents an estimated asset value of between $481 billion and $541 billion.

So you can see that we face a tremendous challenge in resolving the problem.

I would point out that our strong preference is to work with debts, to restructure debts, to settle debts with refinancing, or to use any other means that we can to keep from acquiring real estate. But if our efforts

fail, we have to institute foreclosure.

However, we hope to be disposing of property as we acquire new ones through foreclosure. Our goal is to never let our property inventories build to the high levels reported in some of the media.

This does not mean that we will be dumping assets, as so many fear Legislation requires that the RTC dispose of properties at no less than 95 percent of the fair market value in distressed areas and no less than 90 percent in nondistressed areas.

We had sold approximately $15 billion in assets by the end of 1989. 1 think this is a credible track record, although we feel that the speed with which we are able to resolve institutions and sell assets will accelerate as the RTC becomes more established.

To accomplish these goals, we have about 2,300 employees, with an anticipated total of 5,000 employees in 1991. Some of these employees will be acting as managing agents in operating institutions and as credit specialists. Others will be investigating fraud and abuse in preparing for civil and criminal actions. However, almost half of these employees will be overseeing the activities of private-sector contractors.

We estimate that two-thirds of all expenses we will incur will be fees to private contractors-property managers, appraisers, and other real estate professionals. Without question, we expect to be the largest utilizer of private-sector real estate services in the history of this country. Hurdles to private-sector employment There are three primary hurdles that a private-sector provider will have to jump before working with the RTC. The first is the conflict of interest regulations contained in the statute. These regulations bar those who have demonstrated a pattern of default, or who have caused substantial losses to the insurance funds. Anyone convicted of a felony is also barred.

The second hurdle is collection barriers promulgated by the RTC. This regulation bars anyone who has defaulted on an obligation to FDIC, RTC, or FSLIC. Organizational bars prohibiting conflicts of interest form the third hurdle.

We have tried to build some flexibility into these restrictions by offering a six-month grace period on new conservatorships. We have also placed a minimum of $25,000 on the value of services covered by regulation. Normal maintenance operations are also excluded.

The second step in the provisional contract services is a competency evaluation. Firms must demonstrate competency through a track record or through their management personnel. We absolutely cannot afford to have the least experienced property managers involved in this process. This is not a totally price-driven mechanism.

We are very concerned that we will not be able to attract enough competent asset managers to this process. I would strongly encourage all of you to register To date we have sent out over 6,000 registration packets and received 1,400 back. It might surprise you to know that none were disqualified. There is a great deal of flexibility built into the system.

The actual contracting for asset management services has already begun, and as the resolution process speeds up, contracting with the private sector will also accelerate. The RTC needs knowledgeable asset managers and will for several years to come.

INDUSTRY CODES/NAMES: REAL Real Estate
DESCRIPTORS: Acquisition of property--Technique; Real estate management--Technique; Repossession--Analysis
FILE SEGMENT: MC File 75

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16/9/48 **(Item 3 fr[illegible]ile: 621)**
DIALOG(R)File 621:Gale Group New Prod.Annou.(R)

01652197 Supplier Number: 48480538 (THIS IS THE FULLTEXT)
Ocwen Financial Corporation Forms Technology Subsidiary To Provide Software To Mortgage And Real Estate Industries
PR Newswire, p0512FLTU022
May 12, 1998
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 977
TEXT:
Ocwen Financial's New Technology Platform Increases Efficiency Of Mortgage And

Real Estate Transactions

WEST PALM BEACH, Fla., May 12 /PRNewswire/ -- Ocwen Financial Corporation (NYSE: OCN) announced today that it has established a wholly owned subsidiary, Ocwen Technology Xchange, Inc. (OTX), to supply software products to the mortgage and real estate industries. Through OTX, Ocwen will make its advanced mortgage loan servicing, resolution and origination technology available to third parties through software licenses. OTX will also license its recently acquired DATATrak(TM) technology, the 1997 Inman Innovation Award winner.

John R. Erbey, Managing Director of Ocwen Financial, who was named Chairman and CEO of OTX, said, "The mortgage and real estate industries are ripe for a new technology paradigm to provide new and better approaches to electronic workflow management. The current mortgage industry legacy, host-based servicing systems are inflexible and not user friendly. In addition, real estate transactions are slow and inefficient, relying on manual operations. This results in an inefficient approach to completing a real estate transaction, created by the involvement of 10 to 20 separate parties, who, many times, must rekey data and keep track of disparate products and timelines. Recognizing the tremendous opportunity to address the inefficiencies in the real estate market -- where there is an estimated $110 billion spent on real estate closings each year -- as well as our ability to leverage Ocwen's servicing experience and technology, we decided to form OTX.

"To that end, Ocwen recently acquired two software companies: Amos, Inc., a developer of mortgage loan servicing and origination software and workflow technology, in October of 1997, and DTS Communications, Inc. a leading real estate technology company, in January of 1998. These acquisitions together with our default management software will become the foundation of OTX. We are in the process of integrating the Amos technology with our proprietary loss mitigation and loan default management software systems. Our servicing systems are currently available, and we expect to be well positioned to market the fully integrated technology by the second half of 1998."

OTX, headquartered in West Palm Beach, Florida, will offer a full array of real estate related products and connectivity tools that will enable electronic communications with service providers to facilitate **real estate transactions** . **Mortgage** related products include **loan** origination, loan servicing, construction loan servicing, default management, REO management and products that will enable workflow management. All of these mortgage products are Microsoft Windows(R) based, use client-server technology and are year 2000 compliant. OTX will also offer electronic commerce connectivity tools and **transaction** tracking systems for the **real estate** industry. These products include DataTrak Desktop(TM), a workstation that creates and receives orders for title, appraisal, broker price opinions (BPOs), insurance and other services related to a real estate closing; Cloverleaf(TM), an electronic commerce network; and ActiveEDI(TM), which provides technology that allows integration with other systems. Using the DTS open architecture technology and a desk-top computer, real estate and mortgage servicing professionals can have electronic access to all of the ancillary services necessary to close a **real estate transaction** or **loan** or **foreclose** on a mortgage loan, saving the user time and money. DTS real estate products are

also Microsoft endorsed

"OTX software products will provide customers with very advanced technology," said Mr. Erbey. "Since OTX has adopted a modular approach, customers can pick and choose which components they need. In addition, the integration of flexible workflow and electronic commerce allows customers to create a 'virtual enterprise,' such that work is delivered seamlessly to the value-added resource. We are delighted that Gilbert Barnes, former president of DTS Communications, will be President and COO of OTX, providing the leadership and vision necessary to expand the products and services to be offered by OTX."

Ocwen Financial Corporation is a $3.1 billion financial institution headquartered in West Palm Beach, Florida. Ocwen's primary businesses are the acquisition, servicing and resolution of subperforming and nonperforming residential and commercial mortgage loans.

Certain statements contained herein are not based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. These forward-looking statements, which are based on various assumptions (some of which are beyond the Company's control), may be identified by reference to a future period(s) or by the use of forward-looking terminology such as "become" "expect" "will", future or conditional verb tenses, similar terms, variations on such terms or negatives of such terms. Although the Company believes the anticipated results or other expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that those results or expectations will be attained. Actual results could differ materially from those indicated in such statements due to risks, uncertainties and changes with respect to a variety of factors, including, but not limited to, economic environments in the market areas where the Company operates, competitive products and pricing, market acceptance of the Company's software and related products, acquisitions and the integration of acquired businesses, software integration, development and licensing, other factors generally understood to affect the real estate acquisition, mortgage and leasing markets and other risks detailed from time to time in the Company's reports and filings with the SEC, including its Registration Statements on Form S-1 and periodic reports on Forms 10-Q, 8-K and 10-K. The Company does not undertake, and specifically disclaims any obligation, to publicly release the results of any possible revisions to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

SOURCE Ocwen Financial Corporation

-0- 05/12/98

/CONTACT: John R. Erbey, Ocwen Financial Corporation, 561-682-8517/
(OCN)

CO: Ocwen Financial Corporation; Ocwen Technology Xchange, Inc.
ST: Florida
IN: FIN CPR
SU:

EM
-- FLTU022 --
3708 05/12/98 17:42 EDT http://www.prnewswire.com

PUBLISHER NAME: PR Newswire Association, Inc.
COMPANY NAMES: *Ocwen Financial Corp.; Ocwen Technology Xchange Inc.
EVENT NAMES: *120 (Organizational history); 140 (Parent-to-subsidiary activities)
GEOGRAPHIC NAMES: *1USA (United States)
PRODUCT NAMES: *7372460 (Professional Practice Software)
INDUSTRY NAMES: BUS (Business, General); BUSN (Any type of business)
NAICS CODES: 51121 (Software Publishers)
?

4/9/6 (Item 4 from file: 9)
DIALOG(R)File 9:Business & Industry(R)

01922072 (THIS IS THE FULLTEXT)

FIS Technology's software is well-suited for B&C
(Franklin Credit Management signs five year contract to use FIS Technology's servicing system and loan origination software)

Origination News, v 6, n 11, p 56
August 1997
DOCUMENT TYPE: Journal ISSN: 1083-8481 (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 478

ABSTRACT:
Franklin Credit Management Corp (New York) signs a five year contract to use FIS Techology's servicing system and loan origination software. According to Louise Suire, director of marketing at FIS, the company has not previously targeted the B&C lending market for its software. However, the company currently is expanding its outreach to include this particular market. The product, called Loanserv, includes collections, foreclosure tracking, bankruptcy watch and **REO management** features. Suire also stated that Lonserv's online reporting system also supplies users with quick access to statistics and trends in their servicing portfolios. Franklin Caiazzo, chief operating officer of Franklin Credit Management, the company chose FIS's Lonserv system to accommodate the company's aggressive growth in lending to B&C borrowers. FIS has approximately 235,000 loans being outsourced via the FIS service bureau community. The article provides additional information on both companies.

TEXT:
ORLANDO, FL--Franklin Credit Management Corp., New York, has signed a five-year contract to use FIS Technology's servicing system and loan origination software, a contract FIS officials attribute to the software's adaptability to the subprime market.

Louise Suire, director of marketing at FIS, said the company has not previously targeted the B&C lending market for its software, but the company is now expanding its outreach to include this market. While FIS has not made significant changes to its software to specialize in the subprime market, she said the software's flexibility and its problem-loan management systems make it well suited for the B&C market. Loanserv includes collections, **foreclosure** tracking, bankruptcy watch, and **REO management** features.

"It is obviously imperative that you have a strong collection component in the system," Ms. Suire said.
She said Loanserv's online reporting system also provides users quick access to statistics and trends in their servicing portfolio. Franklin Credit's chief operating officer, Joseph Caiazzo, said the company selected FIS' Loanserv system to replace an in-house system in a move made to accommodate the company's aggressive growth in lending to B&C borrowers. The software will support the loan origination operations of Liberty Lending Corp., a new, wholly-owned subsidiary of Franklin Credit. Liberty Lending will enter the loan origination business in the states of New York and New Jersey later this year.

Mr. Caiazzo said Franklin Credit's automation needs are growing as a result of the company's growth. He said he was impressed by FIS' willingness to learn about Franklin Credit's business. He also said the system will help the company manage regulatory compliance. Franklin's servicing portfolio includes B&C loans the company originated and loans that were purchased when they were in nonperforming status. FIS describes Loanserv as an integrated loan origination and processing system that also unifies accounting, acquisition and sales functions into one overall system. Loanserv and easyLender are being integrated into Franklin's existing Novell-based 35 station PC network.

photo omitted
Frank Mendez, Franklin Credit's manager of loan administration, led the evaluation team that selected the FIS products.

"In addition to our servicing functionality requirements, we wanted to automate many of the tasks our accounting department was performing manually. We also wanted to integrate selected accounting functions into our servicing system," Mr. Mendez said. FIS' Loanserv system can be licensed as a service bureau or purchased for in-house use by lenders. FIS also allows lenders to choose a plan that migrates them from the service bureau to in-house use.

Ms. Suire said FIS has about 235,000 loans being outsourced through the FIS service bureau currently. While FIS doesn't have firm numbers on in-house clients, she estimated that about 130,000 loans are serviced by lenders using Loanserv in-house. Currently, she estimated that 5% to 8% of loans serviced on Loanserv are subprime loans, a number that might grow as this sector of the market continues to thrive.

COMPANY NAMES: FIS INC; FRANKLIN CREDIT MANAGEMENT CORP
INDUSTRY NAMES: Applications software; Software
PRODUCT NAMES: Financial software packages (737268)
CONCEPT TERMS: All company; Corporate strategy; Orders
GEOGRAPHIC NAMES: North America (NOAX); United States (USA)
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4/9/14 **(Item 2[illegible]om file: 813)**
DIALOG(R)File 813:PR Newswire

0403565 AT006
STOCKHOLDER SYSTEMS, INC. ANNOUNCES ACQUISITION OF MORTGAGE LOAN SOFTWARE LINE

DATE: October 2, 1991 09:42 EDT WORD COUNT: 460

NORCROSS, Ga.Oct. 2 /PRNewswire/ -- Stockholder Systems, Inc. (SSI), a NYNEX(R) (NYSE: NYN) company, announced today the acquisition of The Dyatron Mortgage Systems Division of SunGard Data Systems, Inc.

Dyatron MSD is located in Jacksonville, Fla., and SunGard is headquartered in Wayne, Pa.

The newly acquired software for mortgage loan servicing and problem loan monitoring will be added to SSI's Financial Products Division which includes an extensive line of mortgage loan software. Terms of the acquisition were not disclosed.

Dyatron MSD has a strong client base of over 300 customers and is a major vendor of mortgage loan software for PCs, mainframes and UNIX-based computers. The problem loan series, the most comprehensive software of its kind, includes the **Foreclosure** Monitoring, **Foreclosure** Claims, Real Estate Owned **REO) Management** and Bankruptcy Monitoring systems. Dyatron also provides a mainframe mortgage loan servicing system that SSI will now offer.

Larry A. Dean, president of SSI, said: "This acquisition demonstrates SSI's continuing commitment to the mortgage industry. By providing systems for a full range of platforms, we can accommodate our users' needs far into the future."

According to D.R. Grimes, president of SSI's Financial Products Division: "SSI can now offer loan origination, secondary marketing and servicing systems for mainframe, midrange and PC LAN operating environments. Also, the problem loan products will form the cornerstone of our entry into the mortgage loan compliance arena. And the transaction will virtually double our mortgage-software client base."

Commenting on the transaction, Richard C. Tarbox, vice president of corporate development for SunGard, said: "Dyatron MSD is an excellent fit with SSI. Given SSI's reputation for high-quality software and support, Dyatron MSD's customers will benefit from SSI's expertise in the mortgage industry as well as the range of mortgage software and services now available to them."

Founded in 1971, SSI designs, markets and supports a line of financial application software for IBM and IBM-compatible computers. SSI has over 1,200 customers who use SSI's software for check processing, securityholder recordkeeping, electronic funds transfer, cash management, lease accounting, loan origination, safe box accounting, report distribution, loan recovery, loan servicing, secondary marketing and optical disk report distribution and archiving.

SSI is a NYNEX company. NYNEX, one of the largest providers of application software to the financial services industry in the U.S., is a leader in helping people to communicate using information networks and services. With revenues of $13.6 billion and assets of $26.7 billion, NYNEX ranks among the largest corporations in the world.

CONTACT: D.R. Grimes, president, Financial Products Division,

404-840-1255, Rober[illegible]ampbell, executive vice presid[illegible]/Marketing, 404-840-1375, or Jimmy Locklear, director of Corporate Marketing, 404-840-1401, all of Stockholder Systems; or Richard C. Tarbox, vice president/Corporate Development of SunGard, 215-341-8743

(NYN)

COMPANY NAME:	STOCKHOLDER SYSTEMS, INC.; NYNEX; SUNGARD DATA SYSTEMS, INC.
TICKER SYMBOL:	NYN (NYS)
PRODUCT:	COMPUTER, ELECTRONICS (CPR)
DESCRIPTORS:	ACQUISITIONS, MERGERS, TAKEOVERS (TNM)
STATE:	GEORGIA (GA)
SECTION HEADING:	BUSINESS

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4/9/15 (Item 1 from file: 621)
DIALOG(R)File 621:Gale Group New Prod.Annou.(R)

01624078 Supplier Number: 48364952 (THIS IS THE FULLTEXT)
Statewide Lender's Services, Inc. Designated as Freddie Mac Trustee for Loan Foreclosures; 75 Companies Applied, 6 Chosen.
Business Wire, p03191237
March 19, 1998
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 526
TEXT:
LOS ALAMITOS, Calif.--(BUSINESS WIRE)--March 19, 1998--Statewide Lender's Services, Inc. (SLS), a California-based default management and foreclosure company has been chosen to serve as trustee for loan foreclosures for Freddie Mac in the state of California. Selected as one of six from eleven companies interviewed, SLS proved their value to Freddie Mac.

During the interview process, SLS demonstrated a cost benefit analysis on the monetary savings they could provide Freddie Mac. Katherine Blankenship, President and founder of SLS, said, "We wanted to show Freddie Mac a new way of looking at the savings based on the shortened time a loan is in foreclosure. By providing them a cost benefit analysis of 300 loan files, we showed a time line savings as it relates to days of foreclosure and money lost. The money saved by shortening the foreclosure window can be as high as $30.00 a day. We can deliver value to the bottom line."

When Freddie Mac started their foreclosure program, SLS observed thaton average a loan was in foreclosure for 175 days. SLS realized that not only is it possible to shorten this time period, but also a considerable amount of money could be saved. In turn, Freddie Mac reviewed and perfected their foreclosure model to a delivery time of 117 days, 55 days less than the standard of 175 days. SLS's office was not only meeting the new 117 day requirement but was beating this. They were already imposing internal requirements for completing foreclosures in as little as 113 days.

Alice Vest, Senior Vice President of Client Relations for SLS, is pleased to be selected as a participant in the Freddie Mac program. Vest said, "SLS, like Freddie Mac, wants to make a difference in the handling of foreclosures. We are elated to be able to bring value to the Freddie Mac program and look forward to providing high quality customer service." According to Vest, SLS is among Freddie Mac's top designated trustees, and most significantly, has a zero exception rate. Having been in the default management and foreclosure industry for over 18 years, SLS utilizes state-of-the-art technology to manage by exception and measures every activity on a loan file from day 1 through 113.

Lenders who use SLS services include The Money Store, MCA Mortgage, Washington Mutual Bank, Jupiter Mortgage, Harbor Financial, Palomar Savings, Waterfield Mortgage, Dovenmuehle Mortgage, WMC Mortgage, Fidelity Federal Savings Bank, and Amwest Surety Agency. Statewide Lender's Services, Inc., one of the top performing vendors selected by Freddie Mac designated Trustee program, was founded in 1979 to provide **foreclosure** , bankruptcy, loss mitigation, document recording, investor claims, and **REO Management** to the lending community. SLS specializes in the **foreclosure** process of all government agency loans including FHA, Freddie Mac, and Fannie Mae. SLS includes services formerly provided by its Mortgage Default Services (MDS) division.

For more information on Statewide Lender's Services, Inc. contact Alice Vest, Senior Vice President of Client Relations, (800) 553-9977 ext. 108 or write to Statewide Lender's Services at 11081 Winners Circle, No. 100, Los Alamitos, California 90720.

CONTACT: Statewide Lender's Services, Inc., Los Alamitos
Alice Vest, (800) 553-9977 ext. 108
or Laurie Broadfoot, 404/261-0314

PUBLISHER NAME: Business Wire
COMPANY NAMES: *Freddie Mac; Statewide Lender's Services Inc.

EVENT NAMES: *480 [illegible]se of services); 613 (New ord[illegible] received)
GEOGRAPHIC NAMES: *1USA (United States)
PRODUCT NAMES: *6162000 (Mortgage Bankers); 6100060 (Trust Companies)
INDUSTRY NAMES: BUS (Business, General); BUSN (Any type of business)
NAICS CODES: 522292 (Real Estate Credit); 523991 (Trust, Fiduciary, and Custody Activities)
?

	Type	Hits	Search Text	DBs	Time Stamp
1	IS&R	908	("705/1,4,8,9").CCLS.	USPAT	2000/11/03 07:04
2	BRS	449	(("705/1,4,8,9").CCLS.) and (default or delinquent or collection or recover$ or foreclos$)	USPAT	2000/11/03 07:08
3	BRS	246	((("705/1,4,8,9").CCLS.) and (default or delinquent or collection or recover$ or foreclos$)) and (transaction or contract)	USPAT SCANNED TITLES, KWIC	2000/11/03 07:22
4	IS&R	743	("705/30,35,38,40,19").CCLS.	USPAT	2000/11/03 07:24
5	BRS	403	(("705/30,35,38,40,19").CCLS.) and (default or delinquent or collection or recover$ or foreclos$)	USPAT	2000/11/03 07:25
6	BRS	341	((("705/30,35,38,40,19").CCLS.) and (default or delinquent or collection or recover$ or foreclos$)) and (transaction or contract)	USPAT SCANNED TITLES, KWIC	2000/11/03 08:22
7	IS&R	989	("235/379").CCLS.	USPAT	2000/11/03 08:23
8	BRS	327	(("235/379").CCLS.) and (default or delinquent or collection or recover$ or foreclos$)	USPAT	2000/11/03 08:27
9	BRS	281	((("235/379").CCLS.) and (default or delinquent or collection or recover$ or foreclos$)) and (transaction or contract)	USPAT SCANNED TITLES, KWIC	2000/11/03 08:39
10	IS&R	43	("706/925").CCLS.	USPAT updated search	2000/11/03 08:40
11	IS&R	80	("902/40").CCLS.	USPAT TITLES, ABST	2000/11/03 08:40

SYSTEM:OS - DIALOG OneSearch
File 15:ABI/INFORM(R) 1971-2000/Jan 19
(c) 2000 Bell & Howell
File 9:Business & Industry(R) Jul/1994-2000/Jan 19
(c) 2000 Resp. DB Svcs.
File 275:Gale Group Computer DB(TM) 1983-2000/Jan 19
(c) 2000 The Gale Group
File 583:Gale Group Globalbase(TM) 1986-2000/Jan 20
(c) 2000 The Gale Group
File 636:Gale Group Newsletter DB(TM) 1987-2000/Jan 19
(c) 2000 The Gale Group
File 621:Gale Group New Prod.Annou.(R) 1985-2000/Jan 19
(c) 2000 The Gale Group
File 16:Gale Group PROMT(R) 1990-2000/Jan 19
(c) 2000 The Gale Group
File 148:Gale Group Trade & Industry DB 1976-2000/Jan 19
(c)2000 The Gale Group
File 278:Microcomputer Software Guide 1999/Dec
(c) 1999 Reed Elsevier Inc.
File 634:San Jose Mercury Jun 1985-2000/Jan 01
(c) 2000 San Jose Mercury News
File 256:SOFTBASE:REVIEWS,COMPANIES&PRODS. 85-1999/DEC
(c)1999 INFO.SOURCES INC
File 625:American Banker Publications 1981-2000/Jan 19
(c) 2000 American Banker
File 169:Insurance Periodicals 1984-1999/Nov 15
(c) 1999 NILS Publishing Co.
File 637:Journal of Commerce 1986-2000/Jan 18
(c) 2000 Journal of Commerce Inc
File 268:Banking Information Source 1981-1999/Nov W2
(c) 1999 Bell & Howell
File 139:ECON. LIT. INDEX 1969-2000/JAN
(c) 2000 AMERICAN ECONOMIC ASSOCIATION
File 608:KR/T Bus.News. 1992-2000/Jan 19
(c)2000 Knight Ridder/Tribune Bus News
File 474:New York Times Abs 1969-2000/Jan 18
(c) 2000 The New York Times
File 475:Wall Street Journal Abs 1973-2000/Jan 18
(c) 2000 The New York Times

Set	Items	Description
S1	138882	(DEFAULT OR DELINQUENT OR LATE OR COLLECTION OR RECOVER? ? OR FORECLOS??? OR (NON(W)PAYMENT) OR (FAILURE(2W)PAY)) (S) (LOAN? OR BORROW? OR MORTGAG? OR RECEIVABLE? ?)
S2	6113105	(REAL(3W)ESTATE) OR PROPERT? OR HOME? ? OR HOUSE? ? OR RESIDENCE OR RESIDENTIAL OR DWELLING? ?
S3	43110	S1(S)S2
S4	30505	S1(5N)S2
S5	4316486	TRANSACTION? ? OR CONTRACT?
S6	453	S4(5N)S5
S7	414	S6 NOT PY>1998
S8	329	RD S7 (unique items) - scanned titles
S9	73866	(DEFAULT OR DELINQUENT OR LATE OR (NON(W)PAYMENT) OR (FAILURE(2W)PAY)) (S) (LOAN? OR MORTGAGE? OR RECEIVABLE? ?)
S10	2114903	COLLECT? OR RECOVER? OR FORECLOS??? OR REPOSESS?
S11	10165	S9(S)S10
S12	4058	S11(S)S2
S13	4058	S11(S)S2
S14	207	S13(5N)S5
S15	167	S14 NOT PY>1998
S16	133	RD S15 (unique items) - considered all (titles, KWIC)

16/9/48 **(Item 3 from file: 621)**
DIALOG(R)File 621:Gale Group New Prod.Annou.(R)

01652197 Supplier Number: 48480538 (THIS IS THE FULLTEXT)
Ocwen Financial Corporation Forms Technology Subsidiary To Provide Software To Mortgage And Real Estate Industries
PR Newswire, p0512FLTU022
May 12, 1998
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 977
TEXT:
Ocwen Financial's New Technology Platform Increases Efficiency Of Mortgage And

Real Estate Transactions

WEST PALM BEACH, Fla., May 12 /PRNewswire/ -- Ocwen Financial Corporation (NYSE: OCN) announced today that it has established a wholly owned subsidiary, Ocwen Technology Xchange, Inc. (OTX), to supply software products to the mortgage and real estate industries. Through OTX, Ocwen will make its advanced mortgage loan servicing, resolution and origination technology available to third parties through software licenses. OTX will also license its recently acquired DATATrak(TM) technology, the 1997 Inman Innovation Award winner.

John R. Erbey, Managing Director of Ocwen Financial, who was named Chairman and CEO of OTX, said, "The mortgage and real estate industries are ripe for a new technology paradigm to provide new and better approaches to electronic workflow management. The current mortgage industry legacy, host-based servicing systems are inflexible and not user friendly. In addition, real estate transactions are slow and inefficient, relying on manual operations. This results in an inefficient approach to completing a real estate transaction, created by the involvement of 10 to 20 separate parties, who, many times, must rekey data and keep track of disparate products and timelines. Recognizing the tremendous opportunity to address the inefficiencies in the real estate market -- where there is an estimated $110 billion spent on real estate closings each year -- as well as our ability to leverage Ocwen's servicing experience and technology, we decided to form OTX.

"To that end, Ocwen recently acquired two software companies: Amos, Inc., a developer of mortgage loan servicing and origination software and workflow technology, in October of 1997, and DTS Communications, Inc. a leading real estate technology company, in January of 1998. These acquisitions together with our default management software will become the foundation of OTX. We are in the process of integrating the Amos technology with our proprietary loss mitigation and loan default management software systems. Our servicing systems are currently available, and we expect to be well positioned to market the fully integrated technology by the second half of 1998."

OTX, headquartered in West Palm Beach, Florida, will offer a full array of real estate related products and connectivity tools that will enable electronic communications with service providers to facilitate **real estate transactions** . **Mortgage** related products include **loan** origination, loan servicing, construction loan servicing, default management, REO management and products that will enable workflow management. All of these mortgage products are Microsoft Windows(R) based, use client-server technology and are year 2000 compliant. OTX will also offer electronic commerce connectivity tools and **transaction** tracking systems for the **real estate** industry. These products include DataTrak Desktop(TM), a workstation that creates and receives orders for title, appraisal, broker price opinions (BPOs), insurance and other services related to a real estate closing; Cloverleaf(TM), an electronic commerce network; and ActiveEDI(TM), which provides technology that allows integration with other systems. Using the DTS open architecture technology and a desk-top computer, real estate and mortgage servicing professionals can have electronic access to all of the ancillary services necessary to close a **real estate transaction** or **loan** or **foreclose** on a mortgage loan, saving the user time and money. DTS real estate products are

also Microsoft endorsed.

"OTX software products will provide customers with very advanced technology," said Mr. Erbey. "Since OTX has adopted a modular approach, customers can pick and choose which components they need. In addition, the integration of flexible workflow and electronic commerce allows customers to create a 'virtual enterprise,' such that work is delivered seamlessly to the value-added resource. We are delighted that Gilbert Barnes, former president of DTS Communications, will be President and COO of OTX, providing the leadership and vision necessary to expand the products and services to be offered by OTX."

Ocwen Financial Corporation is a $3.1 billion financial institution headquartered in West Palm Beach, Florida. Ocwen's primary businesses are the acquisition, servicing and resolution of subperforming and nonperforming residential and commercial mortgage loans.

Certain statements contained herein are not based on historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. These forward-looking statements, which are based on various assumptions (some of which are beyond the Company's control), may be identified by reference to a future period(s) or by the use of forward-looking terminology such as "become" "expect" "will", future or conditional verb tenses, similar terms, variations on such terms or negatives of such terms. Although the Company believes the anticipated results or other expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that those results or expectations will be attained. Actual results could differ materially from those indicated in such statements due to risks, uncertainties and changes with respect to a variety of factors, including, but not limited to, economic environments in the market areas where the Company operates, competitive products and pricing, market acceptance of the Company's software and related products, acquisitions and the integration of acquired businesses, software integration, development and licensing, other factors generally understood to affect the real estate acquisition, mortgage and leasing markets and other risks detailed from time to time in the Company's reports and filings with the SEC, including its Registration Statements on Form S-1 and periodic reports on Forms 10-Q, 8-K and 10-K. The Company does not undertake, and specifically disclaims any obligation, to publicly release the results of any possible revisions to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

SOURCE Ocwen Financial Corporation

-0- 05/12/98

/CONTACT: John R. Erbey, Ocwen Financial Corporation, 561-682-8517/
(OCN)

CO: Ocwen Financial Corporation; Ocwen Technology Xchange, Inc.
ST: Florida
IN: FIN CPR
SU:

EM
-- FLTU022 --
3708 05/12/98 17:42 EDT http://www.prnewswire.com

PUBLISHER NAME: PR Newswire Association, Inc.
COMPANY NAMES: *Ocwen Financial Corp.; Ocwen Technology Xchange Inc.
EVENT NAMES: *120 (Organizational history); 140 (Parent-to-subsidiary activities)
GEOGRAPHIC NAMES: *1USA (United States)
PRODUCT NAMES: *7372460 (Professional Practice Software)
INDUSTRY NAMES: BUS (Business, General); BUSN (Any type of business)
NAICS CODES: 51121 (Software Publishers)
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4/9/14 (Item 2 :om file: 813)
DIALOG(R)File 813:PR Newswire

0403565 AT006

STOCKHOLDER SYSTEMS, INC. ANNOUNCES ACQUISITION OF MORTGAGE LOAN SOFTWARE LINE

DATE: October 2, 1991 09:42 EDT WORD COUNT: 460

NORCROSS, Ga.Oct. 2 /PRNewswire/ -- Stockholder Systems, Inc. (SSI), a NYNEX(R) (NYSE: NYN) company, announced today the acquisition of The Dyatron Mortgage Systems Division of SunGard Data Systems, Inc.

Dyatron MSD is located in Jacksonville, Fla., and SunGard is headquartered in Wayne, Pa.

The newly acquired software for mortgage loan servicing and problem loan monitoring will be added to SSI's Financial Products Division which includes an extensive line of mortgage loan software. Terms of the acquisition were not disclosed.

Dyatron MSD has a strong client base of over 300 customers and is a major vendor of mortgage loan software for PCs, mainframes and UNIX-based computers. The problem loan series, the most comprehensive software of its kind, includes the **Foreclosure** Monitoring, **Foreclosure** Claims, Real Estate Owned **REO) Management** and Bankruptcy Monitoring systems. Dyatron also provides a mainframe mortgage loan servicing system that SSI will now offer.

Larry A. Dean, president of SSI, said: "This acquisition demonstrates SSI's continuing commitment to the mortgage industry. By providing systems for a full range of platforms, we can accommodate our users' needs far into the future."

According to D.R. Grimes, president of SSI's Financial Products Division: "SSI can now offer loan origination, secondary marketing and servicing systems for mainframe, midrange and PC LAN operating environments. Also, the problem loan products will form the cornerstone of our entry into the mortgage loan compliance arena. And the transaction will virtually double our mortgage-software client base."

Commenting on the transaction, Richard C. Tarbox, vice president of corporate development for SunGard, said: "Dyatron MSD is an excellent fit with SSI. Given SSI's reputation for high-quality software and support, Dyatron MSD's customers will benefit from SSI's expertise in the mortgage industry as well as the range of mortgage software and services now available to them."

Founded in 1971, SSI designs, markets and supports a line of financial application software for IBM and IBM-compatible computers. SSI has over 1,200 customers who use SSI's software for check processing, securityholder recordkeeping, electronic funds transfer, cash management, lease accounting, loan origination, safe box accounting, report distribution, loan recovery, loan servicing, secondary marketing and optical disk report distribution and archiving.

SSI is a NYNEX company. NYNEX, one of the largest providers of application software to the financial services industry in the U.S., is a leader in helping people to communicate using information networks and services. With revenues of $13.6 billion and assets of $26.7 billion, NYNEX ranks among the largest corporations in the world.

CONTACT: D.R. Grimes, president, Financial Products Division,

404-840-1255, Robert ampbell, executive vice presid /Marketing, 404-840-1375, or Jimmy Locklear, director of Corporate Marketing, 404-840-1401, all of Stockholder Systems; or Richard C. Tarbox, vice president/Corporate Development of SunGard, 215-341-8743

(NYN)

COMPANY NAME: STOCKHOLDER SYSTEMS, INC.; NYNEX; SUNGARD DATA SYSTEMS, INC.
TICKER SYMBOL: NYN (NYS)
PRODUCT: COMPUTER, ELECTRONICS (CPR)
DESCRIPTORS: ACQUISITIONS, MERGERS, TAKEOVERS (TNM)
STATE: GEORGIA (GA)
SECTION HEADING: BUSINESS

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